MONTANA LEGISLATIVE HISTORY

Chapter 281 1983

Bill H 530 S _____ Original bill & history ✓ C

H. Committee on State Administration			S. Committee on Judiciary		
Hearing Date(s)	Feb 02	✓ C	Hearing Date(s)	Mar 14	✓ C
	Feb 10	✓ C			C
		C			C
		C			C
Date Out	Feb 10	✓ C		Mar 14	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

HOUSE BILL NO. 530

INTRODUCED BY BARDANOUVE

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

IN THE HOUSE

January 27, 1983	Introduced and referred to Committee on State Administration.
February 11, 1983	Committee recommend bill do pass as amended. Report adopted.
February 14, 1983	Bill printed and placed on members' desks.
February 15, 1983	Second reading, do pass.
February 16, 1983	Considered correctly engrossed.
February 17, 1983	Third reading, passed. Transmitted to Senate.

IN THE SENATE

February 18, 1983	Introduced and referred to Committee on Judiciary.
March 14, 1983	Committee recommend bill be concurred in. Report adopted.
March 16, 1983	Second reading, concurred in.
March 18, 1983	Third reading, concurred in. Ayes, 50; Noes, 0.

IN THE HOUSE

March 18, 1983	Returned to House.
March 19, 1983	Sent to enrolling.
	Reported correctly enrolled.

House BILL NO. 530

INTRODUCED BY Boharski

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LANGUAGE IN VARIOUS CODE PROVISIONS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 2-17-105, 2-18-402, 15-35-108, 15-38-106, 15-38-201, 15-38-202, 16-11-119, 16-11-206, 17-2-102, 17-2-105, 17-6-201, 17-6-203, 17-8-101, 17-8-105, 18-2-103, 20-9-601, 20-10-201, 20-10-203, 20-25-225, 20-26-1105, 39-51-401, 39-51-402, 39-51-404, 39-51-406, 39-51-407, 53-1-302, 53-9-109, 60-11-1207, 67-11-304, 70-9-309, 72-14-210, 72-14-403, 76-4-105, 76-13-114, 76-13-503, 77-1-602, 77-6-203, 80-2-103, 80-2-222, 80-2-228, 80-2-232, 80-6-1109, 80-11-207, 81-1-104, 87-1-601, 87-1-602, AND 90-6-202, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-17-105, MCA, is amended to read:

"2-17-105. Insurance on state buildings -- use of proceeds -- building replacement. (1) Moneys received by the state as indemnification for damage to state buildings, except buildings procured by the department of highways by purchase or condemnation for right-of-way purposes, shall be deposited in ~~the bond proceeds and insurance clearance~~ a special revenue fund.

(2) These moneys may only be:

(a) used to repair the damaged property;

(b) used to replace the damaged property, subject to the limitations in subsection (3) of this section; or

(c) transferred to the fund and account from which the premiums were paid on the policy covering the building. Moneys transferred in this manner may not be spent by the institution or agency having custody of the damaged property but shall be available for future legislative appropriation. If the moneys are not spent or committed within 2 years from the time they are received, they shall automatically revert to the fund and account from which the premiums were paid.

(3) If an insured building is totally destroyed or so badly damaged that repair is impractical, the governing board or officer responsible for the building may authorize any moneys received by the state as indemnification for property damage to be used to replace the building only if the proposed replacement is designed to be used for the same general purposes as the damaged or destroyed building. If the governing board or officer determines that the building should not be replaced, any moneys received by the state as

HB 530

indemnification for property damage over and above any outstanding debt on the building shall be transferred as provided in subsection (2)(c) of this section."

Section 2. Section 2-18-402, MCA, is amended to read:

"2-18-402. Payroll ~~revolving account~~ agency fund -- auditor to determine disbursements and transfers. (1) An ~~account~~ A fund in the ~~revolving~~ agency fund type of the state treasury is hereby created, to be known as the state payroll ~~revolving account~~ agency fund, which ~~account~~ fund may be utilized for the payment of compensation to officers and employees of the state and all amounts withheld therefrom, pursuant to law.

(2) The amount to be disbursed from the state payroll ~~revolving account~~ agency fund at any time shall be determined by the state auditor and, on his order, shall be transferred forthwith from the fund, account, and appropriation otherwise properly chargeable therewith to the state payroll ~~revolving account~~ agency fund."

Section 3. Section 15-35-108, MCA, is amended to read:

"15-35-108. Disposal of severance taxes. Severance taxes collected under the provisions of this chapter are allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 25% of total collections a year. After December 31, 1979, 50% of coal severance tax

collections are allocated to this trust fund. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(a) to the county in which coal is mined, 2% of the severance tax paid on the coal mined in that county until January 1, 1980, for such purposes as the governing body of the county may determine;

(b) 2 1/2% until December 31, 1979, and thereafter 4 1/2% to ~~the earmarked~~ a special revenue fund to the credit of the alternative energy research development and demonstration account;

(c) 26 1/2% until July 1, 1979, and thereafter 37 1/2% to ~~the earmarked~~ a special revenue fund to the credit of the local impact and education trust fund account;

(d) for each of the 2 fiscal years following June 30, 1977, 13% to ~~the earmarked~~ a special revenue fund to the credit of the coal area highway improvement account;

(e) 10% to ~~the earmarked~~ a special revenue fund for state equalization aid to public schools of the state;

(f) 1% to ~~the earmarked~~ a special revenue fund to the

credit of the county land planning account;

(g) 1 1/4% to the ~~sinking-fund-to-the~~ credit of the renewable resource development bond ~~account~~ fund;

(h) 5% to ~~the-earmarked-revenue~~ a nonexpendable trust fund ~~to-the-credit-of-a-trust-fund~~ for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

(i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and

(ii) 2/3 for the acquisition of sites and areas described in 23-1-102 and the operation and maintenance of sites so acquired;

(i) 1% to ~~the-earmarked~~ a special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(j) 1/2 of 1% to ~~the-earmarked~~ a special revenue fund for conservation districts;

(k) 1 1/4% to the ~~sinking~~ debt service fund type to the credit of the water development ~~sinking-account~~ debt service fund;

(l) all other revenues from severance taxes collected

under the provisions of this chapter to the credit of the general fund of the state."

Section 4. Section 15-38-106, MCA, is amended to read:

"15-38-106. Payment of tax -- records -- collection of taxes -- refunds. (1) The tax imposed by this chapter shall be paid by each person to which the tax applies, on or before March 31, on the value of product in the year preceding January 1 of the year in which the tax is paid. The tax shall be paid to the department at the time that the statement of yield is filed with the department.

(2) The department shall deposit the proceeds of the tax in the resource indemnity trust ~~account~~ fund of the ~~trust-and-legacy~~ nonexpendable trust fund type. Every person to whom the tax applies shall keep records in accordance with 15-38-105, and the records are subject to inspection by the department upon reasonable notice during normal business hours.

(3) The department shall examine each of the statements and compute the taxes thereon, and the amount computed by the department shall be the taxes imposed, assessed against, and payable by the taxpayer making the statement for the year for which the statement is filed. If the tax found to be due is greater than the amount paid, the excess shall be paid by the taxpayer to the department within 30 days after written notice of the amount of

deficiency is mailed by the department to the taxpayer. If the tax imposed is less than the amount paid, the difference must be applied as a tax credit against tax liability for subsequent years or refunded if requested by the taxpayer."

Section 5. Section 15-38-201, MCA, is amended to read:

"15-38-201. Creation of ~~account--in-trust-and-legacy~~ resource indemnity trust fund. For the purpose of carrying out this chapter, there is a resource indemnity trust ~~account~~ fund in the ~~trust--and--legacy~~ nonexpendable trust fund type. The resource indemnity ~~account~~ fund shall be credited with all moneys received as herein provided."

Section 6. Section 15-38-202, MCA, is amended to read:

"15-38-202. Investment of resource indemnity trust ~~account~~ fund — expenditure — minimum balance. (1) All moneys paid into the resource indemnity trust ~~account~~ fund shall be invested at the discretion of the board of investments. All the net earnings accruing to the resource indemnity trust ~~account~~ fund shall annually be added thereto until it has reached the sum of $10 million. Thereafter, only the net earnings may be appropriated and expended until the account reaches $100 million. Thereafter, all net earnings and all receipts shall be appropriated by the legislature and expended, provided that the balance in the account may never be less than $100 million.

(2) Beginning in fiscal year 1982, provided the amount

in the resource indemnity trust ~~account~~ fund is greater than $10 million, 30% of the interest income of the resource indemnity trust ~~account~~ fund must be allocated to the water development ~~earmarked~~ special revenue account created by 85-1-604."

Section 7. Section 16-11-119, MCA, is amended to read:

"16-11-119. Disposition of taxes — retirement of bonds. All moneys collected under the provisions of 16-11-111, less the expense of collecting all the taxes levied, imposed, and assessed by said section, shall be paid to the state treasurer and deposited as follows: 73% in the long-range building program ~~account~~ fund in the ~~sinking~~ debt service fund type, and 27% in the long-range building program ~~account~~ fund in the ~~bond-proceeds-and-insurance clearance~~ capital projects fund type."

Section 8. Section 16-11-206, MCA, is amended to read:

"16-11-206. Wholesaler's discount — disposition of taxes. The taxes specified in this part that are paid by the wholesaler shall be paid to the department in full less a 5% defrayment for his collection and administrative expense and shall be deposited by the department in the long-range building ~~sinking~~ program debt service fund ~~No.--330766~~. Refunds of the tax paid shall be made as provided in 15-1-503 in cases where the tobacco products purchased become unsalable."

Section 9. Section 17-2-102, MCA, is amended to read:

"17-2-102. Fund structure. (1) There are in the state treasury only the following ~~funds~~ fund categories and types:

(a) governmental ~~funds~~ fund category, which ~~include~~ includes:

(i) the general fund, which accounts for all financial resources except those required to be accounted for in another fund;

(ii) the special revenue ~~funds~~ fund type, which ~~account~~ accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes;

(iii) the capital projects ~~funds~~ fund type, which ~~account~~ accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds; and

(iv) the debt service ~~funds~~ fund type, which ~~account~~ accounts for the accumulation of resources for and the payment of general long-term debt principal and interest;

(b) proprietary ~~funds~~ fund category, which ~~include~~ includes:

(i) the enterprise ~~funds~~ fund type, which ~~account~~ accounts for operations:

(A) that are financed and operated in a manner similar

to private business enterprises whenever the intent of the legislature is that costs (i.e., expenses, including depreciation) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges; or

(B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes; and

(ii) the internal service ~~funds~~ fund type, which ~~account~~ accounts for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursed basis;

(c) the fiduciary ~~funds~~ fund category, which ~~include~~ includes trust and agency ~~funds~~ fund types used to account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds. These include the:

(i) expendable trust ~~funds~~ fund type;

(ii) nonexpendable trust ~~funds~~ fund type;

(iii) pension trust ~~funds~~ fund type; and

(iv) agency ~~funds~~ fund type.

(d) the university funds, which include:

(i) the university current fund, which accounts for moneys deposited in the state treasury which are used to pay current operating costs relating to instruction, research, public service, and allied support operations and programs conducted within the Montana university system. The financial activities of the university current fund shall be subdivided, for operation purposes, into the four following subfunds to serve the purpose indicated:

(A) The unrestricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.

(B) The restricted subfund segregates that portion of the university current fund's financial resources that can be expended for general operations but only for purposes imposed by sources external to the board of regents and the legislature.

(C) The designated subfund segregates that portion of the university current fund's financial resources that is associated with general operations but is separately classified in order to accumulate costs that are to be recharged as allocated to other funds or subfunds; identifies financial activities related to special organized activities of educational departments wherein the activity

is fully supported by supplemental assessments; and identifies special supply and facility fees that are approved for collections beyond normal course fees and their disposition.

(D) The auxiliary subfund segregates that portion of the university current fund's financial resources that is devoted to providing essential on-campus services primarily to students, faculty, or staff wherein a fee, which is directly related to but does not necessarily equal the cost of the service provided, is charged to the consumer.

(ii) the university student loan fund, which accounts for moneys deposited in the state treasury which may be loaned to students, faculty, or staff for purposes related to education, organized research, or public services by the Montana university system;

(iii) the university endowment fund, which accounts for moneys deposited in the state treasury by the Montana university system wherein the principal portion of the amount received is nonexpendable but is available for investment, thus producing consumable income. Expendable earnings on endowment funds are to be transferred to appropriate operating funds pursuant to prevailing administrative requirements.

(iv) the university annuity and life income fund, which accounts for moneys deposited in the state treasury by the

Montana university system under an agreement whereby the moneys are made available on condition that the receiving unit of the Montana university system binds itself to pay stipulated amounts periodically to the donor or others designated by the donor over a specified period of time;

(v) the university plant fund, which accounts for those financial resources allocated to or received by the Montana university system for capital outlay purposes or to *retire long-term debts associated with construction or* acquisition of fixed assets and the net accumulative results of these activities; and

(vi) the university agency fund, which accounts for moneys deposited in the state treasury wherein the Montana university system acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff, and *qualified organizations*.

(2) In addition to the funds provided for in subsection (1) of this section, there are in the state treasury the following account groups:

(a) the fixed assets account group, which is a self-balancing group of accounts set up to establish accounting control and accountability for the state's *general fixed assets*, except those *accounted for in* proprietary funds, trust funds, and the university funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and

(1)(d)(v) of this section; and

(b) the long-term debt account group, which is a self-balancing group of accounts set up to establish accounting control and accountability for the state's unmatured general long-term liabilities, except those accounted for in proprietary funds, trust funds, and the university funds designated in subsections (1)(d)(i)(D), (1)(d)(iii), and (1)(d)(v) of this section."

Section 10. Section 17-2-105, MCA, is amended to read:

"17-2-105. Maintenance of fund and account records and interfund loans. (1) The state treasurer shall record receipts and disbursements for treasury funds and shall maintain fund records in such a manner as to reflect the total cash and invested balance of each fund. The state treasurer shall also maintain records of individual ~~subfunds~~ funds within the ~~sinking-fund, bond-proceeds, and insurance clearance fund, and trust and legacy fund~~ debt service, agency, capital projects, and trust fund types in such a manner as to reflect the total cash and invested balance of each ~~subfund~~ fund. When necessary to meet federal or other requirements that moneys be segregated in the treasury, the state treasurer may establish accounts, funds, or subfunds within any ~~funds~~ fund type listed in 17-2-102.

(2) For the purpose of supplying deficiencies in the general fund, the state treasurer may temporarily borrow

from other treasury funds, providing that the loan is recorded in the state accounting records. Such loan shall bear no interest, and no fund shall be so impaired that all proper demands thereon cannot be met."

Section 11. Section 17-6-201, MCA, is amended to read:

"17-6-201. Unified investment program -- general provisions. (1) The uniform investment program directed by Article VIII, section 13, of the 1972 Montana constitution to be provided for public funds shall be administered by the board of investments in accordance with the rules provided in this chapter and with that degree of judgment and care, under circumstances from time to time prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived, and preservation of purchasing power of capital during periods of sustained high monetary inflation.

(2) All state funds shall be invested and reinvested in securities enumerated in 17-6-211 to the maximum extent consistent with this policy and with the need and timing of cash expenditures for particular purposes.

(3) The board of investments has the sole authority to invest state funds. No other agency may invest state funds. The board shall direct the investment of state funds in

accordance with the laws and constitution of this state. The board has the power to veto any investments made under its general supervision.

(4) The board shall:

(a) assist agencies with public money to determine if, when, and how much surplus cash is available for investment;

(b) determine the amount of surplus treasury cash to be invested;

(c) determine the type of investment to be made; and

(d) prepare the claim to pay for the investment.

(5) The board of investments may:

(a) execute deeds of conveyance transferring all real property obtained through foreclosure of any investments purchased under the provisions of 17-6-211 when full payment has been received therefor;

(b) direct the withdrawal of any funds deposited by or for the state treasurer pursuant to 17-6-101 and 17-6-105;

(c) direct the sale of any securities in the program at their full and true value when found necessary to raise money for payments due from the treasury funds for which the securities have been purchased.

(6) The state treasurer shall keep an account of the total of each investment fund and of all the investments belonging to each fund and of the participation of each treasury fund account therein and shall make from time to

time such reports with reference thereto as may be directed by the board of investments.

(7) The cost of administering and accounting for each investment fund shall be deducted from the income therefrom, except that such costs of the ~~trust and legacy fund~~ nonexpendable trust funds shall be paid from income otherwise receivable from the pooled investment fund, and the amounts required for this purpose shall be appropriated by the legislature from the respective investment funds."

Section 12. Section 17-6-203, MCA, is amended to read:

"17-6-203. Separate investment funds. Separate investment funds shall be maintained as follows:

(1) the ~~trust and legacy fund~~ nonexpendable trust funds, including all public school funds and funds of the Montana university system and other state institutions of learning referred to in sections 2 and 10, Article X, of the 1972 Montana constitution and all money referred to in 17-2-102(8). The principal and any part thereof of each and every ~~subfund~~ fund constituting the Montana nonexpendable trust ~~and legacy~~ fund type shall be subject to payment at any time when due under the statutory provisions applicable thereto and according to the provisions of the gift, donation, grant, legacy, bequest, or devise through or from which the particular ~~subfund~~ fund arises.

(2) a separate investment fund, which may not be held

jointly with other funds, for money pertaining to each retirement or insurance system now or hereafter maintained by the state, including those now maintained under the following statutes:

(a) the highway patrolmen's retirement system described in Title 19, chapter 6;

(b) the public employees' retirement system described in Title 19, chapter 3;

(c) the game wardens' retirement system described in Title 19, chapter 8;

(d) the teachers' retirement system described in Title 19, chapter 4; and

(e) the industrial accident insurance program described in Title 39, chapter 71, part 23;

(3) a pooled investment fund, including all other accounts within the treasury fund structure established by 17-2-102;

(4) a fund consisting of gifts, donations, grants, legacies, bequests, devises, and other contributions made or given for a specific purpose or under conditions expressed in the gift, donation, grant, legacy, bequest, devise, or contribution on the part of the state of Montana to be observed. If such gift, donation, grant, legacy, bequest, devise, or contribution permits investment and is not otherwise restricted by its terms, it may be treated jointly

with other such gifts, donations, grants, legacies, bequests, devises, or contributions.

(5) a fund consisting of coal severance taxes allocated thereto under section 5, Article IX, of the Montana constitution; the principal of this trust fund shall be permanent and invested in the permissible investments enumerated in 17-6-211; in the event the legislature appropriates any part of the principal of this fund by vote of three-fourths of the members of each house, such liquidation may create a gain or loss in the principal; and

(6) such additional investment funds as may be expressly required by law or may be determined by the board of investments to be necessary to fulfill fiduciary responsibilities of the state with respect to funds from a particular source."

Section 13. Section 17-8-101, MCA, is amended to read:

"17-8-101. Appropriation and disbursement of moneys from the treasury. (1) Moneys deposited in the general fund, the special revenue fund type, the enterprise fund type, the internal service fund type, and the capital projects fund type, with the exception of refunds authorized in subsection (3), shall be paid out of the treasury only on appropriation made by law.

(2) Moneys deposited in the debt service fund ~~and--the trust--and--agency--fund~~ type, expendable trust fund type,

nonexpendable trust fund type, pension trust fund type, and agency fund type may be paid out of the treasury under general laws, or contracts entered into in pursuance of law, permitting such disbursement.

(3) Money paid into the state treasury through error or under circumstances, such that the state is not legally entitled to retain it and a refund procedure is not otherwise provided by law, may be refunded upon the submission of a verified claim approved by the department of administration."

Section 14. Section 17-8-105, MCA, is amended to read:

"17-8-105. Definitions applicable to expenditure limitation. As used in 17-8-106, the following definitions apply:

(1) "Montana total personal income" means the current income from all sources received during a particular period of time by persons residing within Montana as determined by the United States department of commerce or its successor agency.

(2) "State expenditures" means the general fund appropriations, the ~~earmarked~~ special revenue fund type appropriations, and the cash portion of the appropriations in the ~~bond--proceeds--and--insurance--clearance~~ capital projects fund type, excluding:

(a) money received from the federal government;

(b) payments of principal and interest on bonded indebtedness;

(c) money paid for unemployment or disability insurance benefits;

(d) money received from the sale of goods or services provided that the purchase of the goods or services is discretionary;

(e) money paid from permanent endowments, constitutional trusts, or pension funds;

(f) proceeds of gifts or bequests made for purposes specified by the donor;

(g) money appropriated for tax relief; and

(h) funds transferred within state government or used to purchase goods for resale."

Section 15. Section 18-2-103, MCA, is amended to read:

"18-2-103. Supervision of construction of buildings. (1) For the construction of a building costing more than $25,000, the department of administration shall:

(a) review and approve all plans and working drawings prepared by architects;

(b) approve all bond issues or other financial arrangements and supervise and approve the expenditure of all moneys;

(c) under the supervision and with the approval of the board of examiners, solicit, accept, and reject bids and

award all contracts to the lowest qualified bidder considering conformity with specifications and terms and reasonableness of bid amount;

(d) review and, with the consent of the board of examiners, approve all change orders;

(e) accept the building when completed according to approved plans and specifications.

(2) Before any contract under subsection (1) is awarded, two formal bids must have been received, if reasonably available.

(3) The department of administration is responsible for concurring in construction projects where the proposed cost is less than $25,000 but more than $5,000. Before any contract under this subsection is approved for construction, alteration, or improvement at least three informal bids, if reasonably available, shall be procured from bona fide contractors duly licensed as such in the state of Montana.

(4) The department need not require the provisions of Montana law relating to advertising, bidding, or supervision where proposed construction costs are less than $5,000.

(5) For the construction of buildings owned or to be owned by a school district, the department of administration shall, upon request, provide inspection to insure compliance with the plans and specifications for the construction of such buildings. "Construction" shall include construction,

repair, alteration, equipping, and furnishing during construction, repair, or alteration. These services shall be provided at a cost to be contracted for between the department of administration and the school district, with the receipts to be deposited in the department of administration's construction ~~revolving~~ regulation account in ~~the revolving~~ a special revenue fund.

(6) It is the intent of the legislature that student housing and other facilities constructed under the authority of the regents of the university system are subject to the provisions of subsections (1) and (2) of this section."

Section 16. Section 20-9-601, MCA, is amended to read:

"20-9-601. Public school fund. The public school fund shall be maintained by the state treasurer as a ~~subfund~~ fund in the ~~trust and legacy~~ nonexpendable trust fund type, and the principal amount of such fund shall be irreducible and permanent. The following moneys shall be credited to such fund as an addition to the irreducible and permanent principal amount:

(1) appropriations and donations by the state;

(2) donations and bequests by individuals to the state or schools;

(3) the proceeds of land and other property which revert to the state by escheat and forfeiture;

(4) the proceeds of all property granted to the state,

when the purpose of the grant is not specified or is uncertain;

(5) funds accumulated in the treasury of the state for the disbursement of which provision has not been made by law;

(6) the proceeds of the sale of timber, stone, materials, or other property from school lands other than those granted for specific purposes and all moneys other than rental recovered from persons trespassing on such lands;

(7) the principal of all moneys arising from the sale of lands and other property which have been and may be hereafter granted to the state for the support of common schools;

(8) the amount earmarked for deposit in this fund under the provisions of 20-9-341; and

(9) such other moneys as may be provided by the legislature."

Section 17. Section 20-10-201, MCA, is amended to read:

"20-10-201. Acceptance, expenditure, and administration of federal school food services moneys. (1) The superintendent of public instruction is authorized to accept and direct the disbursement of funds appropriated by act of congress and apportioned to the state for use in

financing school food services. This authorization shall apply to federal funds available for school food services under the National School Lunch Act (Public Law 396, 79th Congress, chapter 281, 2nd session), Child Nutrition Act of 1966 (Public Law 642, 89th Congress), any amendments to these public laws, and any other public laws enacted to provide assistance for school food services.

(2) The superintendent of public instruction shall deposit all federal funds for school food services with the state treasurer who shall credit such funds to the ~~federal and private grant clearance~~ agency fund. Any disbursement of the federal school food services funds shall be directed by the superintendent of public instruction.

(3) The superintendent of public instruction may:

(a) enter into agreements and cooperate with any federal agency, district, or other agency or person, prescribe such regulations, employ such personnel, and take such other action as he may deem necessary to:

(i) provide for the establishment, operation, and expansion of school food services; and

(ii) disburse federal and state funds according to the requirements of federal and state law;

(b) give technical advice and assistance to any district establishing or operating school food services and assist in the training of personnel for such services;

(c) accept any gift for use in providing school food services;

(d) conduct studies of methods of improving and expanding school food services and appraise the nutritive benefits of school food services.

(4) The superintendent of public instruction shall report annually to the board of public education on the financial, administrative, and operational phases of school food services."

Section 18. Section 20-10-203, MCA, is amended to read:

"20-10-203. School food commodities. The superintendent of public instruction is authorized to accept food commodities from the federal government and to distribute the food commodities to any district or nonpublic school that contracts for such distribution. The superintendent of public instruction may use for the shipping, handling, and other related costs of distributing the food commodities any funds advanced by legislative appropriation for the commodity ~~revolving~~ special revenue account. Such distribution costs shall be reimbursed by the participating districts and nonpublic schools. Those reimbursements shall be returned to the fund from which payments for the distribution costs were made."

Section 19. Section 20-25-225, MCA, is amended to

read:

"20-25-225. Experimental farms. (1) In accordance with the provisions of the Morrill Act of July 2, 1862, the regents shall make available for the purchase of sites or experimental farms from any funds deposited in the Montana ~~trust and legacy~~ nonexpendable trust fund credited to the state university through provisions of the Morrill Land Act of 1862, known as the agricultural college Morrill permanent fund, a sum not to exceed 10% of the amount of such fund.

(2) The total amount which may be used for purchase of needed lands for sites or experimental farms may not exceed 10% in the aggregate of the total amount which has now or which may accrue to the credit of the agricultural college Morrill permanent ~~account in the Montana~~ trust ~~and legacy~~ fund.

(3) No portion of the moneys apportioned from the endowment funds for the purchase of sites or experimental farms shall be applied directly or indirectly to the purchase, erection, preservation, or repair of any building or buildings.

(4) The regents shall approve purchases of sites or experimental farms, which must be essential for the research programs of the state university."

Section 20. Section 20-26-1105, MCA, is amended to read:

"20-26-1105. Guaranteed student loan account. (1) There is a guaranteed student loan ~~revolving~~ account within ~~the university student loan~~ a special revenue fund provided for in 17-2-102~~(11)~~.

(2) The board shall credit to the account established in subsection (1) all money designated for the guaranteed student loan program by the United States or by any other public or private source. All expenses incurred by the board in connection with the guaranteed student loan program, including principal and interest payments required because of loan defaults, must be charged against the account.

(3) Money in the account not needed to meet current obligations of the board in the exercise of its responsibilities as guarantor, as provided for in this part, must be invested in accordance with the provisions of Title 17, chapter 6. Interest proceeds must be credited to the account.

(4) Money on deposit in the guaranteed student loan account shall not revert to the general fund at the close of any fiscal year."

Section 21. Section 39-51-401, MCA, is amended to read:

"39-51-401. Unemployment insurance account [unit -- establishment and control. There is hereby established separate and apart from all public money or funds of this

state ~~an account~~ a fund in the ~~agency~~ expendable trust fund type known as the unemployment insurance ~~account~~ fund, which shall be administered by the department exclusively for the purposes of this chapter. Any reference to the unemployment insurance fund in this code means the unemployment insurance ~~account--in--the--agency~~ expendable trust fund. All money in the ~~account~~ fund shall be mingled and undivided. This ~~account~~ fund shall consist of:

(1) all contributions collected under this chapter and payments made in lieu of contributions as provided in 39-51-1124 through 39-51-1126;

(2) interest earned upon any money in the ~~account~~ fund;

(3) any property or securities acquired through the use of money belonging to the ~~account~~ fund;

(4) all earnings of such property or securities; and

(5) all money credited to this state's account in the unemployment trust fund pursuant to section 903 of the Social Security Act, as amended."

Section 22. Section 39-51-402, MCA, is amended to read:

"39-51-402. Unemployment insurance ~~account~~ fund -- state treasurer ex officio custodian -- accounts and deposits. (1) The state treasurer is the ex officio treasurer and custodian of the unemployment insurance

~~account~~ fund and shall administer such ~~account~~ fund in accordance with the directions of the department and shall issue his warrants upon it in accordance with such regulations as the department shall prescribe. He shall maintain within the ~~account~~ fund three separate accounts:

(a) a clearing account;

(b) an unemployment trust fund account; and

(c) a benefit account.

(2) All money payable to the unemployment insurance ~~account~~ fund, upon receipt thereof by the department, must be forwarded to the treasurer who shall immediately deposit it in the clearing account. Refunds payable pursuant to 39-51-1110 may be paid from the clearing account upon warrants issued by the treasurer under the direction of the department. After clearance thereof, all other money in the clearing account must be immediately deposited with the secretary of the treasury of the United States to the credit of the account of this state in the unemployment trust fund, established and maintained pursuant to section 904 of the Social Security Act, as amended, any provision of law in this state relating to the deposit, administration, release, or disbursement of money in the possession or custody of this state to the contrary notwithstanding.

(3) The benefit account consists of all money requisitioned for the payment of benefits from this state's

account in the unemployment trust fund.

(4) Except as herein otherwise provided, money in the clearing and benefit accounts may be deposited by the treasurer, under the direction of the department, in any bank or public depository in which general funds of the state may be deposited, but no public deposit insurance charge or premium may be paid out of the unemployment insurance ~~account~~ fund.

(5) The treasurer shall give a separate bond conditioned upon the faithful performance of his duties as custodian of the unemployment insurance ~~account~~ fund in an amount fixed by the department and in a form prescribed by law or approved by the attorney general. Premiums for the bond shall be paid from the unemployment insurance administration account."

Section 23. Section 39-51-404, MCA, is amended to read:

"39-51-404. Requisition of money from unemployment trust fund for payment of administrative expenses. (1) Money credited to the account of this state in the unemployment trust fund by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act, as amended, may be requisitioned and used for the payment of expenses incurred for the administration of this chapter pursuant to a specific appropriation by the legislature,

provided that the expenses are incurred and the money is requisitioned after the enactment of an appropriation law which:

(a) specifies the purposes for which such money is appropriated and the amounts appropriated therefor;

(b) limits the period within which such money may be expended to a period ending not more than 2 years after the date of the enactment of the appropriation law; and

(c) limits the amount which may be used during any 12-month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which the aggregate of the amounts credited to the account of this state pursuant to section 903 of the Social Security Act, as amended, during the same 12-month period and the four preceding 12-month periods exceeds the aggregate of the amounts used pursuant to this section and charged against the amounts credited to the account of this state during any of such five 12-month periods.

(2) For the purposes of this section, amounts used during any such 12-month period shall be charged against equivalent amounts which were first credited and which are not already so charged, except that no amount used for administration during any such 12-month period may be charged against any amount credited during such a 12-month period earlier than the fourth preceding such period. Money

requisitioned for the payment of expenses of administration pursuant to this section shall be deposited in tne unemployment insurance administration ~~fund~~ account but, until expended, shall remain a part of the unemployment insurance fund.

(3) The department shall maintain a separate record of the deposit, obligation, expenditure, and return of funds so deposited. If any money so deposited is for any reason not to be expended for the purpose for which it was appropriated or, if it remains unexpended at the end of the period specified by the law appropriating such money, it shall be withdrawn and returned to the secretary of the treasury of the United States for credit to this state's account in the unemployment trust fund."

Section 24. Section 39-51-406, MCA, is amended to read:

"39-51-406. Unemployment insurance administration account. (1) There is hereby created an account in ~~the federal--and--private~~ a special revenue fund to be known as the unemployment insurance administration account. All moneys which are deposited, appropriated, or paid into this account are hereby appropriated and made available to the department. All moneys in the account shall be expended solely for the purpose of defraying the costs of administration of this chapter and costs of administration

of such other legislation as shall be specifically delegated to the department for administration by the legislature.

(2) All moneys received and deposited in said account for administration expense from the United States or any agency thereof pursuant to section 302, Title III of the Social Security Act shall be expended solely for the purpose and in the amounts found necessary by the secretary of labor for the proper and efficient administration of this chapter.

(3) The account shall consist of:

(a) all moneys received from the United States or any agency thereof pursuant to section 302, Title III of the Social Security Act, as amended;

(b) all moneys appropriated by the state from the general fund for the purpose of administering this chapter;

(c) all interest and penalties collected on past due contributions as provided by 39-51-1301; and

(d) all moneys, trust funds, supplies, facilities, or services furnished, deposited, paid, and received from:

(i) the United States or any agency thereof;

(ii) this state or any agency thereof;

(iii) any other state or any of its agencies;

(iv) political subdivisions of the state; or

(v) any other source for administrative expense and purpose.

(4) Notwithstanding any provisions of this section,

all money requisitioned and deposited in this account pursuant to 39-51-403 through 39-51-405 shall remain part of the unemployment insurance ~~account~~ fund and shall be used only in accordance with the conditions specified in 39-51-403 through 39-51-405.

(5) All moneys in this account shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for other accounts. Any balance in this account shall not lapse at any time, but shall be continuously available to the department for the expenditure consistent with this chapter.

(6) The state treasurer shall give a separate and additional bond conditioned upon the faithful performance of his duties in connection with the unemployment insurance administration account in an amount to be fixed by the department and in a form prescribed by law or approved by the attorney general. The premiums for such bond and the premiums for the bond given by the treasurer for the unemployment insurance ~~account~~ fund under 39-51-402 shall be paid from the money in the unemployment insurance administration account.

(7) Any reference to the unemployment insurance administration fund in this code shall be taken to mean the unemployment insurance administration account in ~~the federal and private~~ a special revenue fund."

Section 25. Section 39-51-407, MCA, is amended to read:

"39-51-407. Reimbursement of fund by state. (1) This state recognizes its obligation to replace, and hereby pledges the faith of this state that funds will be provided in the future and applied to the replacement of any of the money received after July 1, 1941, from the United States or any agency thereof under Title III of the Social Security Act, any unencumbered balances in the unemployment insurance administration ~~fund~~ account as of that date, any money thereafter granted to this state pursuant to the provisions of the Wagner-Peyser Act, and any money made available by the state or its political subdivisions and matched by such money granted to this state pursuant to the provisions of the Wagner-Peyser Act which the secretary of labor finds have, because of any action or contingency, been lost or have been expended for purposes other than or in amounts in excess of those found necessary by the secretary of labor for the proper administration of this chapter. Such money shall be promptly supplied by money furnished by the state of Montana or any of its subdivisions for the use of the department and used only for purposes approved by the secretary of labor. The department shall, if necessary, promptly report to the governor and the governor to the legislature the amount required for such replacement.

(2) This section shall not be construed to relieve this state of its obligation with respect to funds received prior to July 1, 1941, pursuant to the provisions of Title III of the Social Security Act."

Section 26. Section 53-1-302, MCA, is amended to read:

"53-1-302. Disposition of receipts from sale of goods. Receipts from the sale of goods produced or manufactured by an institution shall be deposited in the ~~revolving~~ internal service fund ~~account~~ for the use of the industries program of the institution. At the end of each biennium, all unobligated ~~revolving~~ funds over a $50,000 ending-fund balance, except for those funds reserved for equipment replacement as determined by an equipment replacement schedule, shall revert to the state general fund ~~account~~."

Section 27. Section 53-9-109, MCA, is amended to read:

"53-9-109. Crime victims compensation account. There is a crime victims compensation account in ~~the agency~~ a special revenue fund. There shall be paid into this account 18% of the fines assessed and bails forfeited on all offenses involving a violation of chapter 3, part 1 of chapter 4, or chapters 5 through 10 of Title 61, that are a result of citations or tickets issued by the highway patrol."

Section 28. Section 60-11-1207, MCA, is amended to read:

"60-11-1207. Bond accounts -- appropriation. (1) There is a railroad rolling stock account in ~~the bond proceeds and insurance clearance~~ a special revenue fund provided for in 17-2-102. All bond proceeds shall be placed in the railroad rolling stock account, and all money deposited in the account is continuously appropriated to the department and may be expended by the department for the purposes authorized in this part.

(2) There is a railroad rolling stock ~~reserve account in the sinking~~ debt service fund as provided for in 17-2-102. Loan repayments and required capital reserves shall be deposited in the railroad rolling stock ~~reserve account~~ fund, and all money deposited in the ~~account~~ fund is continuously appropriated to the department and may be expended for the payment of principal and interest on the bonds as they become due.

(3) If the department enters into a trust indenture pursuant to 60-11-1206, it may provide for the establishment of funds and accounts to be held by the trustee and may pledge and appropriate the bond proceeds, capital reserves, and loan payments to such funds and accounts, notwithstanding the provisions of subsections (1) and (2)."

Section 29. Section 67-11-304, MCA, is amended to read:

"67-11-304. ~~Sinking funds~~ Debt service fund. An

airport authority may create a ~~sinking~~ debt service fund and accumulate therein the sum of $5 million together with interest thereon for the use, repairs, maintenance, and capital outlays of an airport."

Section 30. Section 70-9-309, MCA, is amended to read:

"70-9-309. Deposit of moneys -- record -- deduction of costs. (1) All moneys received under parts 1 through 3, including the proceeds from the sale of abandoned property under 70-9-308, shall forthwith be deposited by the department of revenue with the state treasurer for credit to the ~~trust--and---legacy---fund~~, public school ~~account~~ nonexpendable trust fund of the state, except that the state treasurer shall retain in the agency fund an amount not exceeding $25,000 from which he shall make prompt payment of claims allowed by the department as hereinafter provided.

(2) Before making the deposit the department shall record the name and last known address of each person appearing from the holders' reports to be entitled to the abandoned property and of the name and last known address of each insured person or annuitant and, with respect to each policy or contract listed in the report of a life insurance corporation, its number, the name of the corporation, and the amount due. The record shall be available for public inspection at all reasonable business hours.

(3) Before making any deposit to the credit of the

public school ~~account~~ nonexpendable trust fund, the department may deduct:

(a) any costs in connection with sale of abandoned property;

(b) any costs of mailing and publication in connection with any abandoned property; and

(c) reasonable service charges."

Section 31. Section 72-14-210, MCA, is amended to read:

"72-14-210. Agency fund moneys to be held in trust -- deposit in public school ~~subfund~~ nonexpendable trust fund. Moneys and properties placed in the agency fund shall be held in trust for a period of 5 years prior to deposit in the public school ~~subfund--in-the~~ nonexpendable trust and ~~legacy~~ fund by the state treasurer; such trust being for the benefit of persons claiming property pursuant to part 3 of this chapter. Such a claim may be brought for an amount equal to the full amount or value of the property escheated minus the costs and expenses incident to reducing the same to the possession of the state."

Section 32. Section 72-14-403, MCA, is amended to read:

"72-14-403. Deposit of unclaimed property in state treasury -- escheat. (1) All money or other property distributed in the administration of an estate of a decedent

or as the subject of a trust and deposited before or after July 1, 1947, with the county treasurer to the credit of the distributee or beneficiary and any money remaining on deposit to the credit of an estate after final distribution must be delivered into the state treasury for deposit in the agency fund by the county treasurer upon the expiration of 1 year from the day of such deposit.

(2) Money or other property so deposited in the state treasury, if not claimed by the person or persons entitled thereto by bringing an action as provided in part 3 of this chapter, shall escheat to the state of Montana and be placed in the public school ~~subfund of the~~ nonexpendable trust ~~and legacy~~ fund as provided therein."

Section 33. Section 76-4-105, MCA, is amended to read:

"76-4-105. Lot fees. (1) The department shall adopt reasonable rules setting forth fees, not to exceed $30 per parcel, for services rendered in the review of plats and subdivisions. The rules shall provide for a schedule of fees to be paid by the applicant for plat or subdivision review to the department for deposit in ~~the agency~~ a special revenue fund provided for in 17-2-102. The fees shall be used for review of plats and subdivisions based on the complexity of the subdivision, including but not limited to:

(a) number of lots in the subdivision;

(b) the type of water system to serve the development;

(c) the type of sewage disposal to serve the development; and

(d) the degree of environmental research necessary to supplement the review procedure.

(2) The department shall adopt rules to determine the distribution of lot fees between the local governing body and the department as provided in 76-4-128. When a subdivision is reviewed under the master plan provisions of 76-4-124, the local governing body shall, within 20 days after receiving an application under the Montana Subdivision and Platting Act, distribute the lot fees as determined by this subsection.

(3) A fee as described in this section is not required for the review of subdivisions in which divisions are made for the purpose of relocating common boundary lines unless the division will result in the installation of additional water supply or sewage disposal facilities."

Section 34. Section 76-13-114, MCA, is amended to read:

"76-13-114. Disposition of fines. Fines collected in a court of the state under this part or part 2 shall be transferred to the state treasurer for deposit in the ~~federal--and-private-grant-clearance~~ agency fund. Whenever a person is convicted in any court of a violation of this part or part 2, the court may levy and collect as costs in the

case the amount necessary to compensate the county for the expenditures made in and for the prosecution of the offender. These costs when collected shall be deposited by the court with the proper county treasurer for the benefit of the county."

Section 35. Section 76-13-503, MCA, is amended to read:

"76-13-503. Application for license -- fee. (1) Whenever a person, firm, or corporation desires to commence the operation of a portable sawmill located or to be located upon forest lands within the state, that person, firm, or corporation shall apply to the department in writing for a license to operate the portable sawmill. The application shall include the name of the person, firm, or corporation contemplating the operation of the sawmill; the location thereof by section, township, and range numbers; the rated capacity of the sawmill and the approximate amount of stumpage to be cut at the proposed setting; and the approximate date desired for the commencement of the operation.

(2) The application shall be accompanied by the payment of a fee of $2, which is fixed as the license fee for the operation of any portable sawmill, to be credited to the ~~federal-and-private-grant-clearance~~ agency fund."

Section 36. Section 77-1-602, MCA, is amended to read:

"77-1-602. Definition of terms. Unless the context requires otherwise, in this part the following definitions apply:

(1) "Account" means the resource development account in ~~the-earmarked~~ a special revenue fund.

(2) "Income" means all proceeds received for the use of state land except revenues required by law to be placed in the Montana nonexpendable trust ~~and-legacy~~ fund type."

Section 37. Section 77-6-203, MCA, is amended to read:

"77-6-203. Bid deposit. (1) A person bidding for the lease of state lands shall deposit with the department, as evidence of good faith, a certified check, cashier's check, or money order in an amount equal to 20% of the annual rental bid in the case of grazing land and an amount equal to $1 per acre for each acre of agricultural land contained in the lease in the case of agricultural land on which the bid is made on a crop share basis.

(2) The department shall retain the deposit of the successful bidder, apply it on the rental for the first year of the lease only, and return any balance of the deposit at the end of the first year to the successful bidder. The department shall return the deposits of the unsuccessful bidders.

(3) If the successful bidder fails to execute the lease for any reason, his deposit shall be forfeited and

deposited by the department to the credit of the proper interest and income account in the ~~federal--and--private revenue~~ agency fund."

Section 38. Section 80-2-103, MCA, is amended to read:

"80-2-103. Administration of trust assets. Funds and the proceeds of the trust assets which are not authorized to be administered by the secretary of agriculture under 80-2-102 shall be received by the department and paid by it to the state treasurer for deposit in the ~~federal--and private--grant--clearance~~ expendable trust fund and used for expenditure or obligation by the department for the purposes of 80-2-102 or for the rural rehabilitation purposes permissible under the charter of the now dissolved Montana rural rehabilitation corporation as may be agreed upon between the department and the secretary of agriculture, subject to Public Law 499."

Section 39. Section 80-2-222, MCA, is amended to read:

"80-2-222. Board to establish amount of levy -- disposition of funds. (1) The board of hail insurance may, when it considers it advisable, establish as many districts as it considers advisable and may maintain maximum rates in various parts of the state, which rates shall be commensurate with the risk incurred as nearly as it can determine from past experiences or from any records available. The highest of these rates shall be the same as

the maximum established herein and the lowest may not be less than $1.20 per acre on lands sown to grain crops and a proportionate amount on lands sown to hay crops.

(2) Notice of the various rates established for any year shall be plainly printed on the application for hail insurance, and in any year when the requirements of the hail insurance law as herein provided do not require a levy of the maximum rates as established, then the rates for the year shall be determined and levied by the board of hail insurance for each of the various districts as established, in such proportions as will in its judgment be fair and equitable.

(3) In making the levy provided in this section and 80-2-223, the board of hail insurance shall provide for:

(a) the payment of all expenses of administration, together with all interest owed or to be owing on registered warrants;

(b) that portion of the losses incurred during the current year which are not paid from funds drawn from the reserve;

(c) the maintenance of the reserve, a part or all of which may be used in any one year for the purpose of paying the costs of administration, interest on the warrants, and losses as the same shall be settled and adjusted by the board, including the losses sustained in any prior year or

years under the hail insurance law during or subsequent to the year 1919 that have not been paid.

(4) If at the end of any hail insurance season the board determines and finds that more funds are accumulating from the current year's levies than were estimated when the levy was made and are in excess of the need for the payment of losses and expenses and maintenance of the reserve, the board may, at its discretion, refund the excess to the farmers insured for the year, on a pro rata or percentage basis.

(5) The board of hail insurance may direct the board of investments to invest funds from the ~~agency~~ expendable trust fund pursuant to the provisions of the unified investment program for state funds. The income from such investments shall be credited to the board of hail insurance account in the ~~agency~~ expendable trust fund."

Section 40. Section 80-2-228, MCA, is amended to read:

"80-2-228. Reserve fund. (1) Each year when the hail board makes its annual levy for the payment of current losses, expenses of administration, and for an addition to the reserve if conditions permit, it may not increase the levy enough in any year so that such addition to the reserve will exceed 5% of the maximum risk written for that year.

(2) The reserve fund may not exceed $4 million prior to January 1, 1976. On January 1, 1976, and thereafter, the

maximum permissible reserve fund shall be established as set forth in subsection (3) of this section.

(3) The board may engage the services of a qualified actuary to conduct an actuarial valuation of the reserve. This valuation shall include the actuary's determination of the amount of reserve necessary to absorb all reasonably anticipated catastrophic losses. This amount shall be the maximum permissible reserve fund for the next year.

(4) The reserve hereby created shall be deposited in ~~the agency~~ an expendable trust fund, and the board is hereby granted the power to draw from its moneys in the fund such amounts as it considers necessary for the purpose of paying costs of administration, interest, and losses.

(5) Whenever there are no unpaid losses for prior years and whenever in any one year the cost of administration, interest, and losses for the current year is less than the sum of 60 cents per acre on nonirrigated grains and a proportionate amount on irrigated grains and other crops, the board may not draw on the reserve for any purpose unless the amount required for the payment of losses for the current year, including interest on warrants and costs of administration, exceeds the amount of the estimate made by the board."

Section 41. Section 80-2-232, MCA, is amended to read:

"80-2-232. State treasurer's duty ~~--transfer of funds~~

— warrants — transfers to county and state general fund. (1) The state treasurer shall receive all moneys paid to him under this part and shall place same to the credit of the ~~agency~~ expendable trust fund ~~and may from time to time transfer to the earmarked revenue fund such sums as the board of hail insurance may deem necessary and proper to pay the expenses of administration~~. All moneys collected by the board shall be deposited in the ~~agency~~ expendable trust fund, and all losses shall be paid from that fund. All other costs are administrative expenses and shall be paid from the board's ~~account in the earmarked revenue~~ expendable trust fund. If registered warrants be presented and there be no money to pay the same, such warrants shall be registered and thereafter bear interest at the rate of 4% per annum until called for payment by the state treasurer. ~~If at any time more funds are in the earmarked revenue fund than the board estimates are needed for administrative expenses, the state treasurer may on the order of the board transfer such funds back to the agency fund as the board may direct.~~

(2) Upon warrants drawn by order of the board, the state treasurer shall pay out of the board's ~~account in the agency~~ expendable trust fund to the county treasurer of each county where state hail insurance coverage is in force 1% of the gross annual levies made and collected in such county under this part for the use of the county as the board of

county commissioners may determine.

(3) Upon authorization from the board of hail insurance, the state treasurer shall transfer out of the board's ~~account in the agency~~ expendable trust fund to the general fund of the state of Montana 2% of the gross annual levies made and collected in the state of Montana."

Section 42. Section 80-6-1109, MCA, is amended to read:

"80-6-1109. Fees to be set by rule — self-supporting program — ~~earmarked account~~ enterprise fund established. (1) Fees authorized to be charged by this part shall be set by department rule. Such fees shall be designed to reimburse the department for costs incurred in providing services and carrying out its duties under this part. It is the intent of the legislature that department activities under this part be self-supporting.

(2) There is an ~~earmarked revenue account~~ enterprise fund known as the leaf-cutting bee ~~account~~ fund for use by the department. Fees collected under this part shall be paid into the leaf-cutting bee ~~account~~ fund."

Section 43. Section 80-11-207, MCA, is amended to read:

"80-11-207. Buyer's delivery of invoice to grower — form — filing of sworn statement — payment of assessment — refund. (1) The purchaser of the wheat or barley at the

time of sale or the pledgee, mortgagee, or other lender at the time of the loan or advance shall give separate invoices for each purchase to the grower. The invoices shall be on forms approved by the department and shall show:

(a) the name and address of the grower and seller;

(b) the name and address of the purchaser or the lender;

(c) the number of bushels of wheat or hundredweights of barley sold, mortgaged, or pledged;

(d) the date of the purchase, mortgage, or pledge and the amount of assessment collected and remitted to the department.

(2) The purchaser, mortgagee, or pledgee shall file with the department, on forms prescribed by the department, within 20 days after the end of a month in which he purchases a grower's wheat or barley or in which a lender makes a loan or advance on a grower's wheat or barley, a sworn statement of the number of bushels of wheat or hundredweights of barley purchased in Montana or the number of bushels of wheat or hundredweights of barley mortgaged or pledged or otherwise transferred or liened as security for a loan during the preceding calendar month. At the time the sworn statement is filed, the purchaser or lender shall pay to the department the assessment provided for in 80-11-206 for deposit in the wheat research and marketing account in

~~the revolving~~ a special revenue fund.

(3) The statement referred to in subsections (1) and (2) of this section shall be legibly written and shall be entirely free of any corrections or erasures. A person may not alter any part of a statement.

(4) After 30 days and before 90 days following the deduction of the assessment by the first purchaser or the first lender, the grower may, upon the submission of a written, verified request to the department, obtain a refund of the assessment. The request shall be accompanied by the original invoices received by the grower at the time of settlement. The department shall keep complete records of all refunds made under the provisions of this section. Records of refunds may be destroyed 2 years after the refund is made. All original invoices shall be returned to the grower with the refund payment."

Section 44. Section 81-1-104, MCA, is amended to read:

"81-1-104. Investment of ~~earmarked~~ special revenue account funds -- crediting of investment income. The board may direct the board of investments to invest funds from the ~~earmarked~~ special revenue accounts of the department pursuant to the provisions of the unified investment program for state funds. The income from such investments shall be credited to the ~~earmarked~~ special revenue account of the department from which the investment is made."

Section 45. Section 87-1-601, MCA, is amended to read:

"87-1-601. Use of fish and game money. (1) All money collected or received from the sale of hunting and fishing licenses or permits, from the sale of seized game or hides, or from damages collected for violations of the fish and game laws of this state, from appropriations, or received by the department from any other state source shall be turned over to the state treasurer and placed by him in ~~the earmarked~~ a special revenue fund to the credit of the department. Any money received from federal sources shall be deposited in ~~the federal and private~~ a special revenue fund to the credit of the department.

(2) That money shall be exclusively set apart and made available for the payment of all salaries, per diem, fees, expenses, and expenditures authorized to be made by the department under the terms of this title. That money shall be spent for those purposes by the department, subject to appropriation by the legislature.

(3) Any reference to the fish and game fund in this code means fish and game money in ~~the earmarked~~ a special revenue fund ~~and federal and private revenue fund~~.

(4) All money collected or received from fines and forfeited bonds relating to violations of state fish and game laws under Title 87 shall be deposited by the state treasurer and credited to the department of fish, wildlife,

and parks in ~~an earmarked~~ a special revenue fund account for this purpose. Out of any fine imposed by a court for the violation of the fish and game laws, the costs of prosecution shall be paid to the county where the trial was held in any case where the fine is not imposed in addition to the costs of prosecution.

(5) Money received by the department from the sale of surplus real property; exploration or development of oil, gas, or mineral deposits from lands acquired by the department except royalties or other compensation based on production; and from leases of interests in department real property not contemplated at the time of acquisition shall be deposited in an account within the ~~trust and legacy~~ nonexpendable trust fund of the state treasury. The interest derived therefrom, but not the principal, may be used only for the purpose of operation, development, and maintenance of real property of the department, and only upon appropriation by the legislature. If the use of money as set forth herein would result in violation of applicable federal laws or state statutes specifically naming the department or money received by the department, then the use of this money must be limited in the manner, method, and amount to those uses that do not result in such violation."

Section 46. Section 87-1-602, MCA, is amended to read:

"87-1-602. Payment of salaries, per diem, and

expenses. All salaries, per diem, expenses, and claims incurred by the department or a person appointed or employed by it shall be paid out of fish and game moneys in the general fund, ~~federal--and--private~~ special revenue fund, ~~earmarked--revenue--fund,~~ or other applicable fund upon warrants properly drawn on those funds."

Section 47. Section 90-6-202, MCA, is amended to read:

"90-6-202. Accounts established. (1) There is within ~~the--earmarked~~ a special revenue fund a local impact and education trust fund account. Moneys are payable into this account under 15-35-108. The state treasurer shall draw warrants from this account upon order of the coal board.

(2) There is within ~~the--earmarked~~ a special revenue fund a coal area highway improvement account."

NEW SECTION. Section 48. Code commissioner to make changes. Whenever a reference to a treasury fund type, fund, or account appears in any new material that is enacted by the 48th legislature and approved by the governor, whether in new sections or amended sections, the code commissioner, in consultation with the department of administration and the legislative fiscal analyst, shall change the reference in that material as necessary to reflect the fund structure provided for in 17-2-102. The code commissioner may make other incidental changes that reflect the intent of this act but do not change the meaning.

NEW SECTION. Section 49. Effective date. This act is effective July 1, 1983.

-End-

SIGNED: 04/14/83, CHAPTER 493

HB 529 -- HARPER -- TO INCREASE THE FEES FOR EXAMINING CONSUMER LOAN BUSINESS AMENDING....
BY REQUEST OF: THE DEPARTMENT OF COMMERCE

INTRODUCED: 01/27/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/27/83
HEARING: 2/3/83
REPORT: 02/03/83, DO PASS
2ND READING: 02/05/83, DO PASS, AS AMENDED AYES: 83; NAYS; 9
3RD READING: 02/08/83, DO PASS AYES: 87; NAYS: 12

TRANSMITTED TO SENATE: 2/8/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/09/83
HEARING: 3/16/83
REPORT: 03/19/83, BE CONCURRED IN
2ND READING: 03/22/83 AYES: 49; NAYS: 0
3RD READING: 03/24/83 AYES: 49; NAYS: 0
RETURNED TO HOUSE 3/24/83

TRANSMITTED TO GOVERNOR: 04/01/83
SIGNED: 04/04/83, CHAPTER 368

HB 530 -- BARDANOUVE -- TO GENERALLY REVISE LANGUAGE IN VARIOUS CODE PROVISIONS ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS 1981, AS REQUIRED BY CHAPTER....
BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/27/83
HEARING: 2/2/83
REPORT: 02/11/83, DO PASS, AS AMENDED
2ND READING: 02/15/83, DO PASS AYES: 89; NAYS: 0
3RD READING: 02/17/83, DO PASS AYES: 98; NAYS: 1

TRANSMITTED TO SENATE: 2/17/83
REFERRED TO COMMITTEE ON JUDICIARY: 02/18/83
HEARING: 3/14/83
REPORT: 03/14/83, BE CONCURRED IN
2ND READING: 03/16/83 AYES: 48; NAYS: 0
3RD READING: 3/18/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE: 03/18/83

TRANSMITTED TO GOVERNOR: 03/25/83
SIGNED: 03/29/83, CHAPTER 281

HB 531 -- BARDANOUVE -- TO GENERALLY REVISE LANGUAGE IN CODE SECTIONS DEALING WITH RETIREMENT SYSTEMS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM CHAPTER....
BY REQUEST OF: THE DEPARTMENT OF ADMINISTRATION

INTRODUCED: 01/27/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/27/83
HEARING: 2/2/83
REPORT: 02/10/83, DO PASS

Rep. Sales said, "We're shafting the largest group of voters in the state -- the independents -- with this bill. Those last 30 days can be quite important."

Rep. Pistoria said that in the case when one declares 30 days prior to an election, what happens then -- can you go one way or the other? Several committee members answered in the negative.

Chairman Brand noted that the committee already killed an open primary bill, and this was the only alternative before the state of Montana or the political parties go to court.

Rep. Helen O'Connell said that she regarded the voting booth as a confessional, and entitled to all the privilege and privacy of a confessional. With this, however, "it's wide open."

REPRESENTATIVE FRANCIS KOEHNKE said, "It's nobody else's business."

Rep. Phillips said the bill would "help the party maintain discipline." But, he said, with this bill he believes voting in primaries would go down immensely.

The question being called, the MOTION FAILED on a roll-call vote by a vote of 11 "NAYS" and 8 "AYES".

REP. PHILLIPS MOVED House Bill 411 DO NOT PASS AS AMENDED, REP. BLISS SECONDED. Chairman Brand asked for, and received, the consent of the committee to reverse the previous roll-call vote, to indicate the Phillips' MOTION PASSING by a vote of 11 "AYES" and 8 "NAYS".

CHAIRMAN BRAND TOOK THE COMMITTEE FROM EXECUTIVE SESSION AND ASKED REPRESENTATIVE O'CONNELL TO CHAIR THE PORTION OF THE COMMITTEE FOR HEARING BILLS.

HOUSE BILLS 489,505, 530, 531, 532, 533

VICE CHAIRMAN O'CONNELL called for a joint hearing on House Bills 489,505,530, 531, 532,& 533, REPRESENTATIVE FRANCIS BARDANOUVE, sponsor of the measures, stated that the six bills were house-keeping measures to bring code language into compliance with two measures passed by the 1981 Legislature, House Bills 341 and 482.

Rep. Bardanouve said House Bill 341 from 1981 would adopt "generally accepted accounting principles" in appropriate code language, and House Bill 482 would change the names of the funds. He said the effective dates on those measures were delayed until 1983 in order to provide for these housekeeping bills in this session. Rep. Bardanouve said these bill were necessary in order for the state to receive more favorable interest rates on bonds. He said adoption of this kind of language, "generally accepted accounting principles," could boost interest rates on state bonds by 1/8 to 1/4 of 2 percent. He said on several million dollars worth of bonds, "that is a substantial amount of money."

Rep. Bardanouve noted that general accepted accounting principles (GAAP) provide a "yardstick" used by the accounting and finance industries. He said that in the wake of the New York City bonding fiasco, bond companies are becoming nervous about various accounting systems. He said the bond companies prefer that governments adopt GAAP. Otherwise, he said, governments can have debts that don't appear on balance sheets. He said the absence of GAAP is a negative factor in the review and rating of bonds. He said it makes it harder to sell bonds without GAAP.

Some of the changes Rep. Bardanouve said would be made by the six bills would be to describe "earmarked revenue" as "special revenue funds"; "debt service fund" as "enterprise fund"; "internal service funds" as "inter-agency charges."

He said the bill would enable our bond buyers to know what we have and when. He said it would save money for Montana. Rep. Bardanouve also distributed two handouts relevant to the measures (attached).

PROPONENTS

Morris Brusett, Director of the Department of Administration, spoke for the bills, calling them "very necessary."

JUDY RIPPINGALE, Legislative Fiscal Analyst, noted some problems with the bills. With regard to the Special Revenue Fund, she said, the bill would no longer indicate whether revenue comes from federal or state sources. She said this is not required under GAAP, but is helpful in the Legislative budgeting process. She suggested that changes could be made in the bills to still comply with GAAP but also identify two separate sub-funds within a special revenue fund.

REPRESENTATIVE GLENN MUELLER asked Rep. Bardanouve if he had any problems with Rippingale's recommendation. Rep. Bardanouve said he would like to have the changes made if GAAP could be maintained. Rep. Mueller asked Brusett if this was possible. Brusett said he did not see the necessity of putting the extra information in there, but he did not feel strongly about it. He said, however, the Legislative Auditor's office does.

WAYNE KETTISH, the Audit Manager of the Legislative Auditor's office, spoke against Rippingale's suggestion. He called it "not necessary. It reduces legislative flexibility," he said. "You may want changes in the future but this bill makes it hard to change. Some funds don't fit in with this." Kettish suggested reviewing accounting titles as an alternative to Rippingale's suggestion.

Chairman Brand asked whether it would be better to know of the additional information about money, where it comes from and where it goes? Kettish said the current budget was done in a "transition mode." He suggested that another bill be used to track federal funds without getting into the matter of special revenue funds.

Chairman Brand asked Kettish about the practice of other states. Kettish said the system may be used in other states, because their are "hundreds and hundreds of ways" to operate the books.

Rep. Mueller asked Kettish if he thought that Rippingale's suggestions could be solved with internal bookkeeping. Kettish said that the problem is that agencies often place money in the wrong fund and a problem arises as to how to settle the dispute -- through emergency funding or just the wrong deposit of funds.

Rep. Joe Hammond asked Kettish if he was saying that a separate bill would take care of the problem. Legislative Fiscal Analyst Rippingale said the problem that Kettish describes is a theoretical problem with a theoretical solution, and those sorts of solutions prove to be impractical in reality.

Rep. Hammond asked if Rippingale was recommending the committee go through 235 amendments and change the language. Rippingale said that was the most ideal.

Rep. Mueller asked if a separate bill was possible. Rippingale said it was, but it would be more clear if the changes were handled in the six bills.

Chairman Brand asked Brusett if this would take long to do. Brusett said no, it would just require drafting of amendments.

Rep. Paul Pistoria asked Bardanouve what he thought of Rippingale's suggestion. Rep. Bardanouve said he would probably oppose anything that would complicate the bills.

Rep. Hand asked Kettish if he would oppose Rippingale's suggestion Kettish said he would not but he thought that his suggestions were better. He said it would work "either way."

THERE BEING NO FURTHER PROPONENTS, AND NO OPPONENTS TO THE SIX BILLS, REPRESENTATIVE BARDANOUVE CLOSED.

Chairman Brand suggested the bills be assigned to a committee to bring the various factions together. Chairman Brand appointed Rep. Hammond chairman of the subcommittee and appointed Reps. Bardanouve and Smith to serve on the subcommittee.

THE MEETING WAS DECLARED ADJOURNED.

Joe Brand
REPRESENTATIVE JOE BRAND, Chairman

John Northy introduced Mary Brison from the Auditor's Office to explain the difficulty they had experienced with the amendments.

MARY BRISON: "One of the concerns that we had was the consistency application in the special revenue fund and the ability of our office to give an opinion. We are concerned with general accounting principles in that they require a special revenue fund. In the future, if the Legislature wished to change that law, we would have to issue a qualified opinion. As it is now, you would have an inconsistency between what the law states and what the financial statements become because the funds, as they are proposed in the amendments, would be rolled into a special revenue fund. The law would be inconsistent with the final statements as they are presented. And, if we issued a qualified opinion, it could have an impact on the bond rating for the state of Montana."

REP. BLISS MOVED and REP. MUELLER SECONDED THE MOTION THAT THE AMENDMENTS BE ACCEPTED FOR ALL SIX BILLS. THE AMENDMENTS FOR HB 489, HB 505, HB 530, HB 531, HB 532 AND HB 533 PASSED UNANIMOUSLY.

REP. HAMMOND MOVED and REP. SMITH SECONDED THE MOTION THAT ALL SIX BILLS BE PASSED AS AMENDED. HB 489, HB 505, HB 530, HB 531, HB 532 and HB 533 AS AMENDED PASSED UNANIMOUSLY.

Rep. Hammond moved to adjourn at 9:57 a.m.

Joe Brand

REP. JOE BRAND, Chairman

FEBRUARY 10, 19 83

MR. SPEAKER

We, your committee on STATE ADMINISTRATION

having had under consideration HOUSE Bill No. 530

first reading copy (white color)

"AN ACT TO GENERALLY REVISE LANGUAGE IN VARIOUS CODE PROVISIONS IN ORDER THAT REFERENCES TO THE TREASURY FUND STRUCTURE CONFORM TO CHAPTER 28, LAWS OF 1981, AS REQUIRED BY CHAPTER 28, SECTION 5, LAWS OF 1981; AMENDING SECTIONS 2-17-105, 2-18-402, 15-35-108, 15-38-106, 15-38-201, 15-38-202, 16-11-119, 16-11-206, 17-2-102, 17-2-105, 17-6-201, 17-6-203, 17-8-101, 17-8-105, 18-2-103, 20-9-601, 20-10-201, 20-10-203, 20-25-225, 20-26-1105, 39-51-401, 39-51-402, 39-51-404, 39-51-406, 39-51-407, 53-1-302, 53-9-109, 60-11-1207, 67-11-304, 70-9-309, 72-14-210, 72-14-403, 76-4-105, 76-13-114, 76-13-503, 77-1-602, 77-6-203, 80-2-103, 80-2-222, 80-2-229, 80-2-232, 80-6-1109, 80-11-207, 81-1-104, 87-1-601, 87-1-602, AND 90-6-202, MCA; INSTRUCTING THE CODE COMMISSIONER TO MAKE THE NECESSARY CHANGES; AND PROVIDING AN EFFECTIVE DATE."

Respectfully report as follows: That HOUSE Bill No. 530

be amended as follows:

1. Page 2, line 3.
Following: "a"
Insert: "state"

2. Page 4, line 14.
Following: "a"
Insert: "state"

3. Page 4, line 18.
Following: "a"
Insert: "state"

4. Page 4, line 21.
Following: "a"
Insert: "state"

DO PASS

REP. JOE BRAND, Chairman.

STATE PUB. CO.
Helena, Mont.

COMMITTEE SECRETARY

FEBRUARY 10, 1983 19

5. Page 4, line 23.
Following: "a"
Insert: "state"

6. Page 4, line 25.
Following: "a"
Insert: "state"

7. Page 5, line 15.
Following: "a"
Insert: "state"

8. Page 5, line 20.
Following: "a"
Insert: "state"

9. Page 8, line 4.
Following: "earmarked"
Insert: "state"

10. Page 9, line 12.
Strike: ";"
Insert: ". The financial activities of the special revenue fund type shall be subdivided for operational purposes into the following funds to serve the purpose indicated:

(A) The state special revenue fund consists of money from state sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government.

(B) The federal special revenue fund consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government.

(C) The other special revenue funds consist of money deposited in the state treasury from private sources, including trust income, that is used for the operation of state government and money used to defray reimbursable expenditures."

11. Page 23, line 7.
Following: "a"
Insert: "state"

12. Page 26, line 20.
Following: "revolving"
Insert: "state"

Chairman.

STATE PUB. CO.
Helena, Mont.

13. Page 28, line 3.
Following: "loan"
Strike: "a"
Insert: "the federal"

14. Page 33, line 19.
Following: "private"
Strike: "a"
Insert: "the federal"

15. Page 35, line 25.
Following: "private"
Strike: "a"
Insert: "the federal"

16. Page 37, line 17.
Following: "a"
Insert: "state"

17. Page 38, line 3.
Following: "a"
Insert: "state"

18. Page 41, line 20.
Following: "a"
Insert: "state"

19. Page 44, line 5.
Following: "a"
Insert: "state"

20. Page 52, line 1.
Following: "revolving"
Strike: "a"
Insert: "the other"
Following: "revenue"
Strike: "fund"
Insert: "funds"

21. Page 52, line 18.
Following: "earmarked"
Insert: "state"

22. Page 52, line 21.
Following: "earmarked"
Insert: "state"

Chairman.

STATE PUB. CO.
Helena, Mont.

23. Page 52, line 24.
Following: "earmarked"
Insert: "state"

24. Page 53, line 9.
Following: "a"
Insert: "state"

25. Page 53, line 11.
Following: "private"
Strike: "a"
Insert: "the federal"

26. Page 53, line 20.
Following: "a"
Insert: "state"

27. Page 53, line 21.
Following: "fund"
Insert: "and the federal special revenue fund"

28. Page 54, line 1.
Following: "a"
Insert: "state"

29. Page 55, line 4.
Following: "private"
Insert: "the federal"

30. Page 55, line 5.
Following: "fund,"
Insert: "a state special revenue fund,"

31. Page 55, line 9.
Following: "a"
Insert: "state"

32. Page 55, line 13.
Following: "a"
Insert: "state"

AND AS AMENDED

DO PASS

REP. JOE BRAND, Chairman.

STATE PUB. CO.
Helena, Mont.

530
531
532
533

DEPARTMENT OF ADMINISTRATION

DIRECTOR'S OFFICE

TED SCHWINDEN, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

406 444-2032

HELENA, MONTANA 59620

TO: Representative Joe Hammond, Chairman
Representative Francis Bardanouve
Representative Clyde Smith
House State Administration Committee's Subcommittee on Treasury Fund Bills

FROM: Morris L. Brusett, Director MLB
Department of Administration

DATE: February 7, 1983

RE: TREASURY FUND BILLS

Enclosed are the 66 amendments required to segregate the proposed special revenue fund into 3 subfunds consisting of: 1) the state special revenue fund; 2) the federal special revenue fund; and 3) other special revenue funds.

As I indicated at the committee hearing, we believe these amendments are unnecessary for the reasons set forth in the attached memo that was prepared by Ms. Kathy Fabiano, Accounting Division, who headed up the interim Treasury Fund Structure Task Force.

It is my understanding that two of the other three members of the task force still concur with the task force's recommendation to include only one special revenue fund type in the statutes. The two members are the Office of Budget and Program Planning and the Office of the Legislative Auditor. The third member, the Office of the Legislative Fiscal Analyst, now opposes the original bill for the reasons set forth at the committee hearing.

Please let me know if you want to meet with the task force to consider this further.

cc Representative Joe Brand ✓
Representative Kathleen McBride
Judy Rippingale, Legislative Fiscal Analyst
Dave Lewis, Budget Director
Bob Ringwood, Legislative Auditor
Kathy Fabiano, Accounting Division
Lois Menzies, Committee Researcher

AN EQUAL OPPORTUNITY EMPLOYER

The following is intended to set forth the Department of Administration's reasons for drafting House Bills 489, 505 and 530-533 as they were introduced, rather than including the proposed amendments. These bills revise language in code sections that refer to the treasury fund structure.

Under the new fund structure effective July 1, 1983, Montana will have "special revenue funds" to account for the "proceeds of specific revenue sources that are restricted to expenditure for specified purposes". The majority of moneys accounted for in the special revenue funds consist of the current "earmarked" monies and all federal monies that are used for State operations. There is also a small amount of private money and money used to defray reimbursable expenditures (currently revolving funds) in the new special revenue funds.

The Department of Administration recognizes that, because fiscal concerns differ depending on the kind of money being considered, a distinction between the three kinds of special revenue money--earmarked, federal and other, has to be maintained. In fact, throughout the process to implement the new fund structure the Department maintained this separation for all accounting, budgeting, and reporting purposes.

-- The accounting system will continue to track the three kinds of money. We will use the exact same method as had been used in the past to distinguish between the current "Earmarked Revenue Fund" and "Federal and Private Revenue Fund" moneys. This is accomplished primarily through the use of accounting entities and revenue classification codes, each assigned unique identifying numbers.

-- The Executive budget for the 1984-1985 biennium continues to distinguish earmarked from federal and other moneys by referring to the "Earmarked Special Fund" and the "Federal and Private Special Fund". Because the accounting system will identify the three kinds of special revenue money, budgets prepared in the future can also continue to disclose the separate funding sources.

-- It is necessary to distinguish between revenue sources to properly apply budget amendment criteria. This is accomplished in the General Appropriations Act introduced this session by OBPP by first defining "State special revenue entities" and "other special revenue entities" in reference to the accounting system's unique identifying numbers, then in Section 3 of the Act

saying "no budget amendment may be approved to spend money from a State Special Revenue Fund accounting entity unless an emergency exists." House Bill 548, introduced this session by request of the Legislative Finance Committee, entitled "An Act to Generally Revise, Expand, and Clarify the Law Pertaining to Budget Amendments" uses the same means as the General Appropriations Act to define "State" special revenue entities.

-- The Montana Annual Financial Report will include financial statements with all special revenue funds combined, as required by generally accepted accounting principles. The report will also include separate financial statements showing the special revenue funds individually and will define the type of activity recorded in each.

Thus, for accounting, budgeting and reporting purposes Montana will continue to distinguish between State (earmarked), federal and other special revenue funds. However the MCA's, if House Bills 489, 505, and 530-533 pass as introduced, will remain non-specific and refer only to "a special revenue fund".

Although the proposed legislation can be amended to refer to "a State" special revenue fund, "a federal" special revenue fund, and "other" special revenue funds, the Department of Administration feels the numerous amendments are not necessary for the following reasons.

1. As discussed previously, special revenue fund moneys can be adequately segregated to meet all accounting, budgeting and reporting needs without the additional statutory language.

2. Even if amended, in almost all cases the statutes cannot be used as a reference to determine if a given dollar is federal, since very little federal money received by Montana is referred to in the statutes.

3. The Department polled three other states, each considered a leader in financial accounting and reporting, and found that all three avoided reference of any kind to the treasury funds in their statutes. Rather, in each state the placement of moneys in the correct fund was always handled administratively according to generally accepted accounting principles. If other states can achieve accountability for their

revenues without any statutory reference to funds, Montana can do the same with general, rather than specific, statutory fund requirements.

4. Statutory requirements for "a special revenue fund", as the bills were introduced, adequately ensures that the moneys referred to will never be placed in the General Fund, or any other type fund, without legislative approval.

PROPOSED AMENDMENTS TO HOUSE BILL 530-INTRODUCED BILL

1. Page 2, line 3
Following: "a"
Insert: "state"

2. Page 4, line 14
Following: "a"
Insert: "state"

3. Page 4, line 18
Following: "a"
Insert: "state"

4. Page 4, line 21
Following: "a"
Insert: "state"

5. Page 4, line 23
Following: "a"
Insert: "state"

6. Page 4, line 25
Following: "a"
Insert: "state"

7. Page 5, line 15
Following: "a"
Insert: "state"

8. Page 5, line 20
Following: "a"
Insert: "state"

9. Page 8, line 4
Following: "~~earmarked~~"
Insert: "state"

10. Page 9.
Following: line 12
Insert: "The financial activities of the special revenue fund type shall be subdivided, for operation purposes, into the following funds to serve the purpose indicated:

(A) The State special revenue fund consists of monies from state sources deposited in the state treasury which are earmarked for the purposes of defraying particular costs of an agency, program, or function of state government;

(B) The federal special revenue fund consists of monies deposited in the treasury from federal sources, including trust income, which are used for the operation of state government;

(C) The other special revenue fund consist of monies deposited in the state treasury from private sources, including trust income, which are used for the operation of state government, and monies used to defray reimbursable expenditures."

the operation of state government, and monies used to defray reimbursable expenditures."

11. Page 23, line 7
Following: "a"
Insert: "state"

12. Page 26, line 20
Following: "~~revolving~~"
Insert: "state"

13. Page 28, line 3
Following: "~~loan~~"
Strike: "a"
Insert: "the federal"

14. Page 33, line 19
Following: "~~private~~"
Strike: "a"
Insert: "the federal"

15. Page 35, line 25
Following: "~~private~~"
Strike: "a"
Insert: "the federal"

16. Page 37, line 17
Following: "a"
Insert: "state"

17. Page 38, line 3
Following: "a"
Insert: "state"

18. Page 41, line 20
Following: "a"
Insert: "state"

19. Page 44, line 5
Following: "a"
Insert: "state"

20. Page 52, line 1
Following: "~~revolving~~"
Strike: "a"
Insert: "an other"

21. Page 52, line 18
Following: "~~earmarked~~"
Insert: "state"

22. Page 52, line 21
Following: "~~earmarked~~"
Insert: "state"

23. Page 52, line 24
Following: "~~earmarked~~"
Insert: "state"

24. Page 53, line 9
Following: "a"
Insert: "state"

25. Page 53, line 11
Following: "~~private~~"
Strike: "a"
Insert: "the federal"

26. Page 53, line 20
Following: "a"
Insert: "state"

27. Page 53, line 21
Following: "~~fund~~."
Insert: "and the federal special revenue fund."

28. Page 54, line 1
Following: "a"
Insert: "state"

29. Page 55, line 4
Following: "~~private~~"
Insert: "the federal"

30. Page 55, line 5
Following: "~~fund,~~"
Insert: "a state special revenue fund,"

31. Page 55, line 9
Following: "~~earmarked~~ a"
Insert: "state"

32. Page 55, line 13
Following: "a"
Insert: "state"

MINUTES OF MEETING
SENATE JUDICIARY COMMITTEE
March 14, 1983

The forty-second meeting of the Senate Judiciary Committee was called to order by Chairman Jean A. Turnage on March 14, 1983, at 10:03 a.m., Room 325, State Capitol.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL 505: Representative Bardanouve stated that he would like to address House Bills 489, 530, 533, 505, 531 and 532 as a whole rather than individually. Representative Bardanouve stated that these bills are intended to reflect a change in terminology and to bring Montana's laws into conformity with GAAP. He informed the Committee that GAAP stood for Generally Accepted Accounting Practices. Representative Bardanouve then explained that in HB531, the retirement division account will, under the terms of the bill, be referred to as the pension trust fund. He explained that this trust fund is not a permanent trust fund. HB 532 amends the worker's compensation fund law to refer to the industrial insurance account as a special revenue fund. This is an expendable trust. HB 489 will refer to the earmark revenue funds as the state special revenue funds. Representative Bardanouve testified that with this new terminology we will have an up-dated, modern form of laws for fiscal control. He also informed the Committee that Montana is in the forefront as far as modernizing our laws.

Morris Brusett, Director of the Department of Administration, testifie that Montana needs to go along with Generally Accepted Accounting Practices. He stated a special task force which had been formed was in total agreement with these principles.

There being no further proponents and no opponents, the hearing was opened to questions from the Committee.

Senator Galt inquired as to who was the Montana State Treasurer. Mr. Brusett responded that he was the ex officio state treasurer. Senator Turnage commented that these bills were an improvement and, hopefully, would not create any problems in the legislative process.

CONSIDERATION OF HOUSE BILL 179: Representative Bardanouve stated that HB179 is a bill to amend a law that he had introduced as a bill in 1963. This bill amends the Montana unclaimed property laws. Representative Bardanouve stated that the 1963 law regarding unclaimed property is responsbile for placing $3,703,000 in the State treasury. The interest collected on this money goes into the education trust fund to help our schools. Representative Bardanouve

testified that $200,000 has been given back to the citizens of Montana under the 1963 law. This bill modernizes what the state can claim as unclaimed property and gives specific dates for publication of unclaimed property by the State. This bill also sets up a statute of limitations of ten years and includes penalties for persons who do not deliver unclaimed property to the state.

PROPONENTS: Mr. Jim Madison of the Miscellaneous Tax Division, Montana Department of Revenue, testified that he is in favor of HB179. He stated that civil penalties under the law are much better than criminal penalties.

OPPOSITION: Mr. Glenn Drake, representing various insurance companies stated it was his opinion the term "life" should be inserted on p.3, line 1, in front of the word "insurance". Representative Bardanouve stated that it was his intention to include the proceeds of all forms of insurance in the bill and that perhaps "life insurance" should be replaced throughout the bill with "assets".

There being no further proponents or opponents, the hearing was opened to questions from the Committee.

Senator Halligan inquired whether HB179 referred to all property or only to intangible property. Senator Turnage explained that the bill covered tangible and intangible property.

Representative Bardanouve explained about Post Office Savings accounts established in the 1930's and stated there may be a lot of money still in these accounts. Senator Berg then asked whether this bill would affect the federal government and was told by Representative Bardanouve that HB179 would only affect state governments.

ACTION ON HOUSE BILL 660: Proposed amendments were submitted by Senator Turnage and by Ann MacIntyre of the Human Rights Commission. Since these amendments were substantially the same, Ann MacIntyre's amendments were voted on with one change. Senator Turnage questioned the use of "may" in line 25, page 1. Senator Mazurek made a motion to pass the amendments as proposed by Ann MacIntyre with the Committee's addition. The motion carried unanimously. Senator Mazurek then moved that the bill BE CONCURRED IN AS AMENDED. The motion carried unanimously.

ACTION ON HOUSE BILLS 489, 530, 533, 505, 531 and 532: Senator Shaw made a blanket motion that House Bills 489, 530, 533, 505, 531,

and 532 BE CONCURRED IN. His motion carried unanimously.

ACTION ON HOUSE BILL 179: Senator Hazelbaker made a motion to strike the word "life" from the bill wherever it appears in front of the word "insurance". The motion carried with Senator Crippen voting in opposition. Senator Hazelbaker then made a motion that HB179 BE CONCURRED IN AS AMENDED. The motion carried with Senator Crippen voting in opposition.

FURTHER CONSIDERATION OF HOUSE BILL 825: Mr. Ward A. Shanahan, representing Northern Tier Pipeline, testified that he was concerned with the amendments made to HB825 on March 12. Mr. Shanahan stated that if the Committee strikes lines 2-6 on page 5 of the bill, the time frame becomes 1 to 1 1/2 years as litigation then falls under the Montana Rules of Civil Procedure. Since HB825 was already out of Committee, Mr. Shanahan was informed that the bill would have to be amended on the floor.

There being no further business to come before the Committee, the meeting was adjourned at 11:25 a.m.

JEAN A. TURNAGE, Chairman

ROLL CALL

JUDICIARY COMMITTEE

48th LEGISLATIVE SESSION - - 1983 Date 3-14-83

NAME	PRESENT	ABSENT	EXCUSED
Berg, Harry K. (D)	✓		
Brown, Bob (R)	✓		
Crippen, Bruce D. (R)	✓		
Daniels, M. K. (D)	✓		
Galt, Jack E. (R)	✓		
Halligan, Mike (D)	✓		
Hazelbaker, Frank W. (R)	✓		
Mazurek, Joseph P. (D)	✓		
Shaw, James N. (R)	✓		
Turnage, Jean A. (R)	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

March 14, 19 83

MR. President

We, your committee on Senate Judiciary

having had under consideration House Bill No. 530

Respectfully report as follows: That House Bill No. 530

DO PASS

BE CONCURRED IN

Jean A. Turnage Chairman.

STATE PUB. CO.
Helena, Mont.